United Nations A/55/815

General Assembly

Distr.: General
1 March 2001

Original: English

Fifty-fifth session
Agenda item 153 (a)
Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: financing of the United Nations peacekeeping operations

Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment

Report of the Secretary-General

Summary

In section II of its resolution 49/233 A of 23 December 1994, the General Assembly authorized the Secretary-General to proceed with the project plan and the time line for reform of the methodology and procedures for determining reimbursement to troop contributors for contingent-owned equipment, and decided that the last of the five phases required to undertake the task would involve a periodic review and update of the phase II and phase III standards to be completed on a triennial basis.

By its resolution 54/19 B of 15 June 2000, the General Assembly endorsed the recommendations of the Phase V Working Group on reformed procedures for determining reimbursement of contingent-owned equipment and decided to convene, in accordance with annex IX to the report of the Phase V Working Group (A/C.5/54/49), a post-Phase V Working Group in January/February 2001, for no less than 10 working days, to determine an appropriate average index to be applied to the existing major equipment and self-sustainment rates.

By the same resolution, the General Assembly requested the Secretary-General to collect data from Member States by 31 October 2000 and to report to the Assembly in November 2000 on the adequacy of the data, with a view to ascertaining whether the data were available for holding the meeting of the post-Phase V Working Group in January/February 2001. On 23 June 2000, the Secretariat requested Member States to submit data on major equipment, self-sustainment, painting and repainting costs of major equipment, the monthly maintenance rate for major medical equipment and pre-deployment immunization/post-repatriation medical examination

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costs by 31 October 2001. On 6 September 2000, the Secretariat sent a reminder to Member States on the submission of the above data.

The Secretary-General, in his note of 29 November 2000 (A/55/650), stated that the Secretariat was of the opinion that the data collected were sufficient for the post-Phase V Working Group to be able to conduct a further analysis. Accordingly, the Secretary-General recommended that a post-Phase V Working Group meeting be convened during the period from 15 to 26 January 2001 to review rates and to validate methodology for review of major equipment, self-sustainment and medical support services. The General Assembly, in its resolution 55/229 of 23 December 2000, took note of the report of the Secretary-General on the review of the rates of reimbursement to the Governments of troop-contributing States (A/54/763) and of the related report of the Advisory Committee on Administrative and Budgetary Questions (A/54/859).

As requested by the General Assembly in its resolution 54/19 B and in accordance with its decision 55/452 of 23 December 2000, the Secretary-General convened the post-Phase V Working Group at Headquarters from 15 to 26 January 2001.

The post-Phase V Working Group, which was made up of technical, financial and medical experts from Member States, validated the methodology and agreed on revised reimbursement rates for major equipment and self-sustainment; rates for some special cases and new categories of major equipment; generic reimbursement for painting and repainting of major equipment; and new rates for level II medical services provided by level III medical facilities.

The post-Phase V Working Group also adopted principles to be applied regarding liability for damage to major equipment used by one country and owned by another; a policy on the reimbursement of inland transportation claims; and a modular approach to reimbursement of medical facilities. Furthermore, the Working Group reviewed self-sustainment categories and standards and the provision of level I medical support, medical aspects contained in the Contingent-Owned Equipment Manual and the provision of blood and blood products.

Finally, the post-Phase V Working Group defined high- and normal-risk missions for medical reimbursement purposes, but could not arrive at a consensus on some issues, such as the review of the policy on vaccination costs and pre- and post-deployment examinations.

I. Introduction

1. As requested by the General Assembly in its decision 55/452 of 23 December 2000, the Secretary-General convened the post-Phase V Working Group from 15 to 26 January 2001. Pursuant to General Assembly resolution 49/233 A of 23 December 1994, the Phase V Working Group's mandate was to conduct a review and to update the standards and reimbursement rates of major equipment and self-sustainment categories developed by the Phase II and Phase III Working Groups. In addition, in order to undertake those tasks, the Secretariat proposed that a methodology be developed to ensure consistent application in future reviews. In its resolution 55/229 of 23 December 2000, the Assembly requested the post-Phase V Working Group to consider the current methodology underlying the calculations of standard rates of reimbursement to troop contributors, including ways to produce more timely and more representative data. The report of the post-Phase V Working Group is contained in document A/C.5/55/39.

2. In accordance with the above mandate, the post-Phase V Working Group:

(a) Validated the methodology and agreed on revised reimbursement rates for major equipment and self-sustainment;

(b) Agreed on rates for some special cases and new categories of major equipment;

(c) Adopted principles to be applied regarding liability for damage to major equipment used by one country and owned by another;

(d) Agreed on generic reimbursement for painting and repainting of major equipment;

(e) Adopted a policy on the reimbursement of inland transportation claims;

(f) Reviewed self-sustainment categories and standards;

(g) Defined high- and normal-risk missions for medical reimbursement purposes;

(h) Adopted a modular approach to the reimbursement of medical facilities;

(i) Reviewed the provision of level I medical support, medical aspects contained in the Contingent-Owned Equipment Manual, and the provision of blood and blood products;

(j) Agreed on a new rate for level II services provided by level III medical facilities;

(k) Proposed two options on troop costs reimbursement for the consideration of the General Assembly.

II. Summary of proposals and recommendations

3. The post-Phase V Working Group successfully completed the tasks mandated by the General Assembly. Considerable progress has been achieved on the policy and procedures for reimbursement to troop contributors. A methodology for reviewing rates of major equipment and self-sustainment was developed. The current rates were reviewed on the basis of the new methodology and the data submitted in 2000 by Member States. The same methodology would be applied in the future rate reviews of major equipment and self-sustainment.

A. Major equipment

1. Validation of methodology and reimbursement rate review

4. In its report, the Phase V Working Group (A/C.5/54/49, paras. 24-26) recommended the application of a new average index for each category based on data submitted by Member States to determine the new rates. The post-Phase V Working Group recommended that the methodology developed during phase V be revised to apply the statistical tool of standard deviation calculations as shown in annexes I.A and II.C to its report to the data submitted by Member States for this review and for future triennial reviews of major equipment and self-sustainment. The Working Group recommended an increase using a maximum of 25 per cent standard deviation, as highlighted in annexes I.A and II.C to its report, and that the major equipment and self-sustainment rates be incorporated in the 2001/02 peacekeeping budgets using the indices by category.

2. New categories of major equipment

5. In its report (A/C.5/55/39, paras. 39 and 40), the post-Phase V Working Group recommended rates for new categories of major equipment. The rates for the armoured personnel carriers and tanks should be regarded as interim until a proper collection of data has been done and new rates are established in conjunction with the triennial review.

3. Liability for damage to major equipment used by one country and owned by another

6. The post-Phase V Working Group, in paragraph 50 of its report, recommended that the United Nations be responsible for conducting and funding adequate training to ensure that a user is qualified to operate unique major equipment, such as armoured personnel carriers. The Working Group also recommended that in the event that major equipment is damaged, the user country should be responsible for reimbursing the providing country, through the United Nations, for any damage that may occur, whether as a result of wilful misconduct, gross negligence or negligence by personnel of the user country, and that these incidents be investigated and processed according to the current United Nations rules and regulations. The Secretariat is of the opinion this is a complex issue, which may be reviewed on the basis of experience gained following the implementation of this provision.

4. Generic reimbursement for painting and repainting of major equipment

7. The Working Group recommended, in paragraph 56 of its report, that standardized rates be adopted for the painting and repainting of major equipment and that the ratio of 1:1.19 for painting to repainting rates be used for current and future special cases.

5. Inland transportation costs for major equipment

8. In paragraph 60 of its report, the Working Group recommended that:

(a) Reimbursement be based on the letter-of-assist procedure whereby the conditions concerning all the transportation costs are agreed upon in advance, thus giving the Secretariat an indication of the cost of the operation;

(b) Documented costs related to loading and unloading major equipment prior to deployment and after repatriation should be met by the United Nations and should be reflected in the letter of assist;

(c) When transportation is provided by military means, the incremental cost is eligible for reimbursement, except the labour cost of military personnel.

B. Self-sustainment

1. Review of self-sustainment categories and standards

9. The Working Group, in paragraph 67 of its report, recommended that:

(a) The overarching principle is for all contingents to adhere to the commitments made in their respective memoranda of understanding to provide the agreed capability. Discussions between the United Nations and the deploying contingent will result in agreement on who is to provide the capabilities required, and deploying contingents are to confirm their requirements for assistance from the United Nations for the provision of any of the categories before deployment. The notification period required for some of the categories is 90 days;

(b) The standards for catering, office, electrical, laundry and cleaning, tentage, accommodation, observation and field defence stores should be amended.

2. Methodology for periodic review of self-sustainment rates and calculation of the rates for self-sustainment

10. The Working Group recommended that:

(a) On a triennial basis, the Secretariat call upon Member States to provide their proposed monthly rates for each self-sustainment category;

(b) The methodology using the statistical tool of standard deviation established for major equipment be adopted for self-sustainment in order to develop revised rates for each self-sustainment category using proposed rates provided by Member States.

11. Furthermore, based on data received from Member States in 2000, the Working Group decided to choose the model limiting the standard deviation to

25 per cent for the data that were available. The Working Group also recommended that the self-sustainment rates be incorporated into the 2001/02 peacekeeping budgets using the indices by category, as detailed in annex II.C of its report.

C. Medical support services

12. With regard to the review of policies on medical support services, the Working Group, in paragraph 118 of its report, recommended the approval of:

(a) The definition of high-risk missions (a mission with high incidence of endemic infectious diseases for which no vaccinations exist) and normal-risk missions (all other missions);

(b) The application of the term "force asset" versus "force-wide" and "force-level" in the context of medical support;

(c) The modular approach to reimbursement for medical facilities;

(d) The occasional provision of level I medical support in an emergency to all members of a United Nations mission;

(e) The inclusion of suggested changes, as set out in annex III.B to the report of the Working Group, to the medical aspects of the Contingent-Owned Equipment Manual;

(f) The rate for the provision of blood and blood products;

(g) The new rate of $35.44 for the provision of level II services by level III medical facilities based on the addition of 50 per cent of the level II self-sustainment rate to the level III rate;

(h) The replacement of the terms "major medical equipment" and "minor medical equipment" by the term "medical equipment";

(i) A maintenance cost of 0.5 per cent per month for the medical modules at all levels of medical support;

(j) The endorsement of the existing medical self-sustainment rates;

(k) Acceptance of the new methodology for the collection and interpretation of medical data as set out in annex III.D of the report of the Working Group.

D. Troop costs

13. The General Assembly, in its resolution 55/229 requested the post-Phase V Working Group to consider the current methodology underlying the calculations of standard rates of reimbursement to troop-contributing States, including ways to produce timely and more representative data. The Working Group did not reach a consensus on the subject and has submitted some options that the General Assembly could consider during its resumed fifty-fifth session.

III. Conclusion

14. While recognizing that the post-Phase V Working Group could not arrive at a consensus on some issues, such as the review of the policy on vaccination costs and pre- and post-deployment examinations, the Secretary-General welcomes the achievements of the Working Group. The enhanced procedures and policies developed by the Working Group with regard to major equipment, self-sustainment and medical support services will greatly facilitate the work of the Secretariat in the area of reimbursement to troop contributors for their contingent-owned equipment in peacekeeping operations.

15. The post-Phase V Working Group conducted the first review of the reimbursement rates since the contingent-owned equipment procedures were reformed in 1996. The recommendation on the modular approach to medical facilities, which resolves the problem of defining major and minor medical equipment, will simplify the verification and reimbursement procedures and assist in the planning stage of peacekeeping missions. The new categories of major equipment will reduce the number of special cases and therefore the time required to negotiate their costs. The generic reimbursement for painting and repainting of major equipment will enhance the standardization of the contingent-owned equipment reimbursements. The reimbursement of inland transportation costs for major equipment on the basis of the letter-of-assist procedure will ensure that more accurate reimbursement amounts are included in the budgets of the relevant peacekeeping operations and will facilitate the processing of claims.

16. The Secretary-General is of the view that considerable progress has been achieved by the post-Phase V Working Group. The need to have in place a

simple, transparent and equitable reimbursement system is paramount for the efficient and effective working of peacekeeping operations. There is now a solid base from which future contingent-owned equipment policy issues can be considered. Therefore, the Secretary-General agrees with the recommendations of the post-Phase V Working Group and recommends their approval by the General Assembly.

IV. Action to be taken by the General Assembly

17. **It is recommended that the General Assembly approve the following recommendations of the post-Phase V Working Group, as contained in its report (A/C.5/55/39) and the annexes thereto:**

(a) **Adopt a revised methodology of applying the statistical tool of standard deviation to the indices for generic categories to all major equipment and self-sustainment categories listed in the reports of the Phase II and Phase III Working Groups;**

(b) **Increase reimbursement rates using a maximum standard deviation of 25 per cent for major equipment and self-sustainment, as per annexes I.A and II.C to the report of the Working Group;**

(c) **Adopt the reimbursement rates for new categories of major equipment contained in annex I.B to the report;**

(d) **Request the United Nations to conduct training as required to ensure the user is qualified to operate unique major equipment belonging to other countries;**

(e) **Hold the user country responsible for reimbursing the providing country through the United Nations in case major equipment is damaged, subject to review on the basis of future experience gained upon implementation of this provision;**

(f) **Adopt generic rates of reimbursement for painting and repainting of major equipment, as set out in annex I.C of the report of the Working Group;**

(g) **Adopt the new procedures on reimbursement of inland transportation costs for major equipment;**

(h) **Adopt the amendment of the performance standards for the following self-sustainment categories: catering, office, electrical, laundry and cleaning, tentage, observation, and field defence stores;**

(i) **Adopt the definitions for high- and normal-risk missions in the context of medical support;**

(j) **Apply the term "force asset" in the context of medical support;**

(k) **Adopt the modular approach to reimbursement for medical facilities;**

(l) **Approve the occasional provision of level I medical support in an emergency to all members of a United Nations mission;**

(m) **Include suggested changes, as per annex III.B, in the medical aspects in the Contingent-Owned Equipment Manual;**

(n) **Confirm the rate for the provision of blood and blood products;**

(o) **Adopt the new rate for the provision of level II services by level III medical facilities;**

(p) **Replace the terms "major medical equipment" and "minor medical equipment" by the term "medical equipment";**

(q) **Adopt a maintenance cost of 0.5 per cent of the generic fair-market value per month for the medical modules in all levels of medical support;**

(r) **Endorse the existing medical self-sustainment rates;**

(s) **Accept the new methodology for collecting and interpreting medical data as per annex III.D;**

(t) **Decide on the modalities for the conduct of a triennial review of rates and standards of related policy issues.**

Annex

Recommendations of the post-Phase V Working Group and the Secretariat

Item	*Recommendations of the post-Phase V Working Group for approval by the General Assembly*	*Secretariat's view*
1. Methodology for periodic review of major equipment and self-sustainment	Update existing contingent-owned equipment and self-sustainment rates by applying the standard deviation calculations to the indexing data collected from Member States. On a triennial basis, the Secretariat will call upon Member States to provide their proposed monthly rates for each major equipment and self-sustainment category as per instructions in document A/C.5/54/49.	Recommends approval.
2. Review of rates for major equipment and self-sustainment	Adopt rates in annexes I.A and II.C to the report of the Working Group calculated by the methodology of major equipment, i.e., by applying the standard deviation of 25 per cent to the indexed data submitted by Member States.	Recommends approval.
3. Special cases and new categories/subcategories of major equipment	Add rates for tanks, subcategories for armoured personnel carriers, subcategories for fuel tankers, water-treatment plants.	Recommends approval.
4. Liability of damages for major equipment used by one country and owned by another	(a) United Nations to be held responsible for funding and conducting adequate training to ensure a user is qualified to operate unique equipment, e.g., armoured personnel carriers.	Recommends approval.
	(b) In case major equipment is damaged, the using country shall be responsible for reimbursing the providing country, through the United Nations, for any damage that may occur, whether as a result of misconduct, gross negligence or negligence by personnel of the using country.	Subject to future experience.
5. Generic reimbursement for painting and repainting of major equipment	(a) Adopt rates in annex.	Recommends approval.
	(b) Adopt the ratio of 1.1.19 for painting to repainting rates for current and future special cases.	Recommends approval.
6. Review of self-sustainment categories and standards	Amendments to chapter 3, annex B, of the Contingent-Owned Equipment Manual 2001 edition as follows:	
	(a) Additional principles: the overarching principle is for all contingents to adhere to the commitments made in their respective memoranda of understanding to provide the capability. Discussions between the United Nations and the contingent will result in agreement on who	Recommends approval.

Item	Recommendations of the post-Phase 3 Working Group for approval by the General Assembly	Secretariat's view
	is to provide the capabilities required. Deploying contingents are to confirm their requirement for assistance before deploying. Notification period is 90 days.	
	(b) Catering: amend to read "for the camps they are responsible for as detailed in the memorandum of understanding".	Recommends approval.
	(c) Office, Electrical and Observation: amend to include: "The United Nations could provide this capability as a complete self-contained function subject to the agreed overarching principles outlined above".	Recommends approval.
	(d) Laundry and cleaning: amend to read as follows:	Recommends approval.
	– "Provide laundry for all military and personal clothing, including dry-cleaning of operationally required specialist clothing and cleaning facilities for all contingent personnel"; and	
	– "Ensure all laundry and cleaning facilities have hygienic equipment that enables a clean and healthy environment to be maintained, i.e., cleaning of accommodation and office areas".	
	(e) Tentage: amend to include:	Recommends approval.
	– "If the United Nations confirms that the capability is required, the deploying contingent will continue to decide if it is to provide its own tentage capability, and be reimbursed accordingly";	
	– "The United Nations can provide this capability as a complete self-contained function subject to the agreed overarching principles outlined above";	
	– "When a contingent provides ablutions capability then it will be reimbursed under major equipment";	
	– "Tentage should include flooring and the ability to heat and cool, as appropriate".	
	(f) Accommodation: amend to include, "Provide furniture for eating facilities where necessary";	Recommends approval.

Item	Recommendations of the post-Phase I Working Group for approval by the General Assembly	Secretariat's view
	(g) Field defence stores: amend as follows:	Recommends approval.
	— Para. 40 ii: Insert "Establish early warning and detection systems to protect contingent premises";	
	— Para. 40 v: Delete "When the United Nations provides this service to equivalent standards, the unit does not receive reimbursement for this category" and insert "The United Nations can provide this capability as a complete self-contained function subject to the agreed overarching principles outlined above".	
	(h) Miscellaneous general stores: delete "The contingent must provide all related equipment, maintenance and supplies. When the United Nations provides this service to equivalent standards, the unit does not receive reimbursement for this category" (para. 42).	Recommends approval.
7. Definition of high-risk and normal-risk missions	High-risk mission is defined as a mission with high incidence of endemic infectious diseases for which no vaccinations exist.	Recommends approval.
8. Application of the term "force asset"	All level I medical facilities are to be considered force assets, thus available to all members of the United Nations mission. "Force-wide" and "force-level" have been replaced by "force asset".	Recommends approval.
9. Modular approach to medical facilities	A modular price was created based on the sum of the generic fair-market value of each item of equipment, and reimbursement will be based upon the sum of the modules provided that the capability of the modules exists.	Recommends approval.
10. Provision of level I medical support	Occasional level I care should be provided in an emergency with no fee as a matter of principle, but any troop contributor may choose to seek reimbursement for services rendered. This should be subject to further review in 2003 based on specific data on emergency services provided collected by the Field Administration and Logistics Division from the missions.	Recommends approval.
11. Review of the medical aspects of the Contingent-Owned Equipment Manual	The Secretariat proposed changes to the Contingent-Owned Equipment Manual on medical aspects, and the paper was revised to the satisfaction of the Working Group.	Recommends approval.
12. Blood and blood products	Reimbursement rate for blood and blood products is needed to cater to the option of a troop contributor requiring the provision of blood and blood products from its own sources.	Recommends approval.

Item	Recommendations of the post-Phase I Working Group for approval by the General Assembly	Secretariat's view
13. Provision of level II services by level III facilities	Establishment of a rate of $35.44, based on the addition of 50 per cent of the level II to the level III self-sustainment rate ($10.31 + 25.13).	Recommends approval.
14. Review of policy on vaccination costs and pre- and post-deployment examinations	Based on data provided by Member States, the Working Group calculated an estimate of these costs, as follows: vaccination costs $95, prophylaxis (malaria) $5, and examination (pre- and post-deployment), laboratory tests and X-rays $141. The total estimated cost is $241 per contingent member. Some of the Member States agreed on the policy of the new rates while other Member States had reservations. The need for reimbursement of these costs was questioned.	The Secretariat is of the view that reimbursing vaccination and examination costs will have a substantial financial impact on the peacekeeping budgets.
15. Review of policy on medical equipment threshold	The terms major and minor equipment will be replaced by the term "medical equipment".	Recommends approval.
16. Review of maintenance costs for all levels of medical support	The maintenance rate will be kept at 0.5 per cent per month, subject to review by 2003.	Recommends approval.
17. Review of medical self-sustainment rates	The current rates remain, subject to review in 2003.	Recommends approval.
18. Methodology for collection and interpretation of medical data	Acceptance of the new methodology for collecting and interpreting medical data as set out in annex III.D.	Recommends approval.